



State of Arizona
Department of Education

Tom Horne
Superintendent of
Public Instruction

CN# 29-05

MEMORANDUM

To: School Health & Nutrition Program Sponsors

From: Mary Szafranski, Deputy Associate Superintendent
Arizona Department of Education, Health & Nutrition Unit

Holly Mueller, Program Director
Arizona Department of Education, School Health & Nutrition Programs

Date: January 21, 2005

RE: Contracts-Renewal and Rebidding

The purpose of this memo is to provide further guidance and understanding regarding the issue of contract renewals and options available to the Local Education Agency (LEA).

As a reminder, it is strongly encouraged but is not required that **all cost reimbursable contracts** include provisions to ensure that LEA's are only charged net, allowable costs. Please refer to memo CN# 19-05 dated October 15, 2004 for more information.

In addition, according to 7 CFR Part 210 the duration of contracts between an LEA and FSMC is limited to one year, with options for yearly renewals not to exceed four additional years. The option to renew does not create a multi-year contract between the LEA and FSMC because each renewal results in a separate one-year contract. Since the decision to renew the contract is an affirmative decision that is made by both parties to the contract each year, either party, for any reason, may decide not to exercise the renewal option. Therefore, in the case of an executed contract it is permissible to allow a non-material change to be drafted by the LEA and approved by both parties from the original approval from ADE. However, ADE reserves the right to review a material change for compliance with the original solicitation documents in the interest of open and fair competition.

If you have any questions or concerns regarding this memo, please contact the Health and Nutrition Contracts Officer, Brian Walsh at (602) 542-6208 or bwalsh@ade.az.gov.